News Release
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Senate passes bills creating tax deductions for residents with Michigan Education Savings Program accounts

LANSING – In conjunction with September as College Savings Awareness Month, the Senate overwhelmingly passed legislation to expand the Michigan Education Savings Program accounts to include estates, trusts and tax-exempt organizations Sen. Tony Stamas, R-Midland, announced.

"The costs of a higher education continue to increase every year," Stamas said. "The Michigan Education Savings Program provides important opportunities for parents to save money for their children's future education. We need to ensure that the program provides parents with different options, which is why I supported these crucial pieces of legislation."

If signed into law, House Bill 5534 would amend the Income Tax Act to prevent MESP account withdrawals from disqualifying future contributions from receiving tax benefits. Per state law, once a withdrawal is made from an MESP account, future contributions are no longer deductible for income-tax purposes.

Amending the Michigan Education Savings Program Act, HB 5782 would allow individuals, estates and trusts to enter into contracts establishing accounts and become "account owners."

The MESP Act, created in 2000, was designed to allow individuals to contribute money to an account that can later be used to pay for higher education costs. Contributions of up to $235,000 are tax deductible up to $5,000 for a single account and $10,000 for a joint account.

"We need to do everything in our ability to give all Michigan parents the tools to afford sending their children to college," Stamas said. "It only makes sense that contributions made after the first withdrawal would continue to be tax deductible. After all, the average individual attends college for five years and no one finishes in just one year."

HB 5783 was passed by the Senate with an amendment and will now go back to the House of Representatives for approval. HBs 5534 and 5782 now go to the governor for her signature.

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